



## Neighborhood Stabilization Program

### Program Purpose

- Stabilize Neighborhoods
- Provide homebuyer assistance towards the purchase of foreclosed homes to qualified applicants
  - ✓ Down Payment loans
  - ✓ Closing Cost grants
- Provide homebuyer education and counseling
- Redevelop substandard properties

- ✓ Client must pay any earnest deposits required (may be applied to minimum contribution)

### Assistance Types

- Down payment assistance
  - ✓ Provided as a soft second loan, with recapture provision
  - ✓ A minimum of \$5,000 for households with incomes between 51% and 120% Area Median Income (AMI)
  - ✓ Buyers with household incomes at or below 50% AMI will receive an amount based on needs assessment calculation

### Program Target Area - General Boundaries/Inclusions

- Bell Road
- Peoria Avenue
- Perryville Road
- Dysart Road
- Original Townsite (OTS)
- Kingswood Parke HOA

- Closing cost assistance
  - ✓ Provided as a grant, up to 6% of normal and customary closing costs

### Buyer Requirements – must be met in order to be eligible for program

- Income eligibility
  - ✓ Low-moderate-middle income persons with household incomes no greater than 120% of the HUD Area Median Income (see chart).
- Education and Counseling
  - ✓ Must complete HUD approved 8-hour homebuyer education
  - ✓ Must receive one-on-one counseling
- Primary Residence
  - ✓ Property must serve as the program participant(s) primary residence
- Buyer Contribution
  - ✓ Must contribute a minimum of \$1,000 or 1.75% of purchase price, whichever is higher, from their own funds
  - ✓ Borrower funds may be used for down payment, pre-pays, or closing costs

### 1<sup>st</sup> Mortgage Requirements

- Mortgages must be 30-year fixed rate loans at prevailing interest rates
- Debt ratios may not exceed 33% for the house payment (PITI+HOA+PMI) and 45% for total debt (30/43 ratio)
- Purchase price may not exceed \$263,150
- Max CLTV to be determined by lender

### Eligible Properties

- Located within one of the City of Surprise's targeted neighborhoods
- SF residence that is bank-owned, foreclosed and vacant (no pools, no wood burning fire places)
- Purchase price must be discounted a minimum of 1% from current appraised value
- Property must pass required HUD Environmental Review to be completed within 10 days of borrower initiating a purchase contract
- Purchase contract must include verbiage requiring the 1% discount AND closing contingent upon a passing HUD Environmental Review

Reasonable accommodations will be made upon a timely request.



- 1-year home warranty will be purchased for the buyer

### Role of City of Surprise

- Receive initial program inquiries from homebuyers
- Pre-Application intake to prescreen applicants for eligibility
- Refer homebuyers to NHS-Phoenix to obtain Homebuyer Counseling and Education
- Provide homebuyer Eligibility Letter
- Issue down payment and closing cost assistance

### Role of NHS-Phoenix

- Receive client referral from City of Surprise
- Receive initial program inquiries from homebuyers
- Application intake
- Determine if homebuyer qualifies
- Homebuyer counseling
- Homebuyer education
- Refer qualified applicants to City of Surprise

### Counseling Documents

- Documents to be brought to counseling visit:
  1. Proof of income – Most Recent 30 days Paystubs or S.S. Award letter, Retirement, Disability, Alimony or Child support
  2. Last 3 years of tax returns and W2's
  3. 60 days most recent bank statements (checking and savings)
  4. Divorce Decree (if applicable)
  5. Bankruptcy Discharge (if applicable)
- If homeowner already has bank loan approval, please provide the following Lender Documents:
  1. 1008: Transmittal Summary Sheet
  2. 1003: Loan Application
  3. Good Faith Estimate (GFE) / Truth In Lending (TIL) or Fee Worksheet
  4. Loan Pre-qualification Letter or Conditional Loan Approval
  5. Copy of Credit Report

### Steps to Receiving Assistance

1. Homebuyer schedules one-on-one counseling appointment.
2. Counselor will (a) determine eligibility; (b) determine mortgage readiness; and (c) schedule homebuyer education class. **CAUTION: Do not put an offer on a property until homebuyer has received a Program Eligibility Letter from the City of Surprise.**
3. Lender will send counselor 1st mortgage credit package if available.
4. If homebuyer is mortgage ready AND approved for a 1st mortgage loan, then the Program Eligibility Letter will be issued by the City of Surprise. The homebuyer will have 60 days from date of Program Eligibility Letter to make a purchase offer on an eligible property. Funds will be reserved during this 60-day period.
5. Once purchase offer is accepted, the City of Surprise will receive a copy of the executed purchase contract from the homebuyer's realtor. The City of Surprise will then order the environmental review.
6. Lender sends the City of Surprise complete and final loan approval package which includes all property documents.
7. Once the City of Surprise verifies that final loan approval package meets program guidelines, Surprise staff will originate and process 2nd lien for the down payment assistance and documents will be processed and forwarded to the title company for closing.
8. Once assistance (DPA loan and grant for closing costs) is approved by the City, the City will remit assistance funds directly to the title company at closing.

### Contacts

#### City of Surprise

- **Christina Ramirez**, Neighborhood Services Supervisor  
Phone: 623.222.3238
- **Jason Hughes**, Program Coordinator  
Phone: 623.222.3239
- **Vacant**, Program Assistant  
Phone: 623.222.3241

#### Neighborhood Housing Services Phoenix

- **Aris Perez**, Senior Housing Counselor  
Phone 623-932-3503

